ANNUAL FINANCIAL STATEMENT FOR THE YEAR 2016 OF SARANTIS BULGARIA LTD.

CONTENTS:

ANNUAL REPORT OF BULGARIA Ltd Sarantis.

For the Year ended 31.12.2016

This report of Sarantis Bulgaria Ltd refers to the financial period from 01.01.2016 to 31.12.2016 and is in accordance with Art. 39 of the Act of Accounting and Art. 247 of the Commercial Code.

1. Company Info:

"Sarantis Bulgaria" Ltd. is a sole-owner limited liability company registered in the Registrar of Trading companies of the City Court in a judgment of 05.07.1994 years in act 13376 / in Volume 223, p.92, lot 17912.

The owner of the company is a legal entity "GR. SARANTIS CYPRUS" LIMITED - CYPRUS.

Headquarters and registered office of the company is Sofia, Botevgradsko shose 247, 4th floor.

The main activity of the company includes: sales and distribution activities of perfume and cosmetics products, with household goods and such for face care, body and personal hygiene products.

2. Financial position.

2.1. Summarized financial information of the annual financial statements as of 31/12/2016

	2016	2015
• Sales revenue	30 585 thousand BGN;	26 592 thousand BGN;
• Gross profit before taxation	4 146 thousand BGN;	3 226 thousand BGN;
• Net profit for the period	3 714 thousand BGN;	2 902 thousand BGN;
• Sum of Assets	14 094 thousand BGN;	13 448 thousand BGN;
• Share capital	4 756 thousand BGN.	4 756 thousand BGN.

The total as of 31.12.2016 of the non-current assets of the company is 700 thousand BGN, including equipment, vehicles and other tangible assets, and intangible assets of 657 thousand BGN, and deferred tax assets in the amount of 43 thousand BGN. The Company does not own any real property and buildings and primarily uses buildings and warehouse spaces on rent.

2.2. Basic financial ratios of the company

Ratios	2016	2015
Net Profit Margin (%)	12.14	10.91
Return of Equity (%)	43.84	37.89
Return on Assets (%)	26.41	21.62
Current Ratio	2.38	2.20
Quick Ratio	1.86	1.74
Cash Ratio	0.32	0.30
Debt to Equity	0.66	0.76
Inventory turnover (days)	42.63	44.56
Days Sales Outstanding (days)	77.78	90.73

2.3 Human resources and social policy. Security and work safety.

As of 31.12.2016 the company employs 94 people under an employment relationship. The company policy regarding wages of staff reflects the ability and skills of each individual employee. The levels of remuneration are set according to individual contracts of employment on the grounds of responsibilities, obligations and requirements, qualifications and work experience. In 2016, in order to improve work efficiency and encourage employees, the company applied a system of evaluation and control of personnel according to which bonuses are allocated to active employees. In order to optimize and facilitate the payment of remuneration, the same is done by bank transfer, while respecting the confidentiality of the information for each employee. In respect of personnel policy, the company regularly performs recruitment and appointment of young and skilled workers from the Sofia region and the rest of the country. There is a contract with a health service that performs yearly health tests on staff. Furthermore, trainings are organized and the employees pass testes to ensure safe working conditions, preventive control in compliance with the rules of safety at work, risk assessment of all jobs in the company and search for ways to mitigate the risk. Employees are instructed regularly on the rules for safety and health at work. Maintenance of qualification and further training of personnel are carried out periodically in the company as well as in trainings organized by external organizations for the company.

2.4. Financial instruments and financial risk exposures:

In the reporting 2016 Sarantis Bulgaria Ltd has not used for its business banking and bond loans, also has not received external subsidies and funding for their projects and does not hold in possession securities.

Sarantis Bulgaria Ltd mainly distributes its goods in the internal market and generates revenue in BGN. Suppliers of the company are mainly from countries of the European Union, generating liabilities in euro. Another Part is from China and it generates obligations in Unite States dollars. Concerning the obligations in euro, the currency risk is minimal because the BGN is attached to the EUR, and the risk from obligations in United States dollars - the exchange rate differences are negligible.

Cash flows generated in 2016 were enough in volume not only to finance current operations, but also for the payment of dividends.

The credit risk of the company in 2016 comes mainly from receivables from customers, where the exposure to this risk is due to the individual characteristics of each customer. This exposure depends mostly on the condition of intercompany indebtedness on the domestic market, which the company operates.

The Company has no pending lawsuits, brought claims for opening and insolvency proceedings and judgments, therefore requests for winding up and Liquidation announcement. There are no pending administrative or arbitration proceedings and decisions in the event of a merger, acquisition or restructuring.

3. Managing the equity:

3.1. Amount of Registered capital and changes:

In the reporting 2016 there was no change in the amount of registered capital.

3.2. Structure of the company (branch offices, subsidiaries), related parties:

The Company has no direct or indirect interest in another company.

During 2016 the company operates through a Head office and warehouse in Sofia and offices in Varna, Plovdiv and Pleven.

In 2016 carrying loans to related parties have not been assigned.

3.3. Policy of the company:

Maintaining a strong capital base is the main policy of the company in order to be able to provide conditions for the development of the company in the future.
For the reporting 2016 the company is not subject to specific capital requirements imposed by contract or regulatory framework.

4. Important events after the date of the financial statements:

After the date of the annual report and financial statements of the company there were no significant events that should be disclosed.

5. Forecast for the future development of the company:

Sarantis Bulgaria Ltd is planning development of its existing activities, despite the negative economic situation in the country. The company expects a slow recovery in the sector of fast moving consumer goods in which it will continue to operate within the next year.

6. Actions on Research & Development activities:

During the year the company has not carried out research and development activities.

7. Liability of the Management:

Under the Bulgarian law the management has to prepare a report on the activities and financial statements for each financial year which has to give a true and fair view of the financial position of the company at the end of the year, its financial performance and cash flows in accordance with applicable accounting framework. The company is applying for the Purpose of reporting the International Financial Reporting Standards (IFRS), adopted by the European Union.
Management confirms that it has acted in accordance with their responsibility and the financial statements for 2016 have been prepared in accordance with International Financial Reporting Standards adopted by the European Union.
The management also confirms that in the preparation of this report it has presented in a true and fair manner the development and results of the company for the past period as well as its state and the main facing risks.

Sofia
18.01.2017

General Manager:
/ Deana Stefanova /

ANNUAL FINANCIAL STATEMENTS
OF
"SARANTIS BULGARIA" Ltd.

for the period from 1 January to 31 December 2016 year

STATEMENT OF FINANCIAL POSITION OF SARANTIS BULGARIA LTD. AS OF DECEMBER 31, 2016

	31/12/2016	31/12/2015
	('000 BGN)	('000 BGN)
ASSETS		
NON-CURRENT ASSETS		
Equipment, transportation means and other assets	111	86
Intangible assets	546	576
Deferred tax asstes	43	76
TOTAL NON-CURRENT ASSETS	700	738
CURRENT ASSETS		
Inventories	2 926	2 636
Trade and other receivables	8 654	8 314
Cash	1 814	1 760
TOTAL CURRENT ASSETS	13 394	12 710
TOTAL ASSETS	14 094	13 448
EQUITY		
Authorised capital	4 756	4 756
Reserves	1	1
Profit carried forward	3 714	2 902
TOTAL EQUITY	8 471	7 659
LIABILITIES		
SHORT-TERM LIABILITIES		
Trade and other liabilities	5 152	5 251
Net current tax liabilities	368	428
Provisions	103	110
TOTAL SHORT-TERM LIABILITIES	5 623	5 789
TOTAL EQUITY AND LIABILITIES	14 094	13 448

Prepared by:

(Diana Dishkova)

"САРАНТИС БЪЛГАРИЯ" ЕООД СОФИЯ

General Manager:

(Deana Stefanova)

Date: 18/01/2017

The Statement of financial position should be read in conjunction with the notes to and forming part of the Annual financial statements.

13/2/2017
Auditor's signature!

0348 Красимир Димов
Регистриран одитор

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME OF SARANTIS BULGARIA LTD. FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016

	2016 ('000 BGN)	2015 ('000 BGN)
Revenue	**30 585**	**26 592**
Cost of sales	**(15 557)**	**(13 251)**
Expenses for materials	**(920)**	**(869)**
Expenses for external services	**(7 505)**	**(6 629)**
Expenses for personnel	**(2 202)**	**(2 125)**
Depreciation/amortisation expenses	**(73)**	**(74)**
Other operating income	**613**	**184**
Other operating expenses	**(768)**	**(554)**
Operating profit	**4 173**	**3 274**
Net financial income/expenses	**(27)**	**(48)**
Profit before taxes	**4 146**	**3 226**
Income tax expense	**(432)**	**(324)**
Profit for the year after tax	**3 714**	**2 902**
Total comprehensive income for the year	**3 714**	**2 902**

Prepared by: **(Diana Dishkova)**

"САРАНТИС БЪЛГАРИЯ" ЕООД София

General Manager: **(Deana Stefanova)**

Date: 18/01/2017

The statement of profit or loss and other comprehensive income should be read in conjunction with the notes to and forming part of the Annual financial statements.

13/2/2017
Auditor's signature:

0348 Красимир Димов Регистриран одитор

STATEMENT OF CHANGES IN EQUITY OF SARANTIS BULGARIA LTD.
FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016

All amounts are in thousand BGN

	Main capital	Other reserves	Retained profit	Total equity
Balance at 01.01.2015	**4 756**	**1**	**2 960**	**7 717**
Changes in equity for 2015:				
Net profit for the period			**2 902**	**2 902**
Dividend			**(2 960)**	**(2 960)**
Balance at 31.12.2015	**4 756**	**1**	**2 902**	**7 659**
Balance at 01.01.2016	**4 756**	**1**	**2 902**	**7 659**
Changes in equity for 2016:				
Net profit for the period			**3 714**	**3 714**
Dividend			**(2 902)**	**(2 902)**
Balance 31.12.2016	**4 756**	**1**	**3 714**	**8 471**

Prepared by:

(Diana Dishkova)

"САРАНТИС БЪЛГАРИЯ" ЕООД София

General Manager:

(Deana Stefanova)

Date: 18/01/2017

The Statement of changes of equity should be read in conjunction with the notes to and forming part of the Annual financial statements

13/2/2017
Auditor's signature:

0348 Красимир Димов Регистриран одитор

CASH FLOWS REPORT OF SARANTIS BULGARIA LTD.
FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016

	2016 ('000 BGN)	2015 ('000 BGN)
Cash flows from operating activities		
Cash receipts from customers	**30 580**	**26 907**
Cash paid to suppliers	**(20 593)**	**(17 372)**
Cash paid to employees and social security institutions	**(2 098)**	**(2 012)**
Paid taxes (except income taxes)	**(3 908)**	**(3 345)**
Income taxes paid	**(380)**	**(348)**
Interest paid	**(32)**	**(55)**
Other payments from operating activities	**(2)**	**(1)**
Net cash from operating activities	**3 567**	**3 774**
Cash flows from investment activities		
Proceeds from sale of equipment	**3**	
Purchase of property, plant and equipment	**(71)**	**(22)**
Interest received	**4**	**5**
Net cash from investing activities	**(64)**	**(17)**
Cash flows from financing activities		
Dividends paid	**(3 449)**	**(2496)**
Net cash from financing activities	**(3 449)**	**(2496)**
Net change in cash	**54**	**1 261**
Cash at beginning of period	**1 760**	**499**
Cash at end of period	**1 814**	**1 760**

"САРАНТИС БЪЛГАРИЯ" ЕООД * СОФИЯ *

Prepared by: **(Diana Dishkova)**

General Manager: **(Deana Stefanova)**

Date: 18/01/2017

The cash flow statement should be read in conjunction with the notes to and forming part of the Annual financial statements.

13/2/2017
Auditor's signature:

0348 Красимир Димов
Регистриран одитор

INDEPENDENT AUDITOR'S REPORT

To the Attention of the sole owner of

SARANTIS BULGARIA Ltd

Opinon

We have audited the financial statements of SARANTIS BULGARIA Ltd (the Company), which comprise the statement of financial position as at December 31, 2016, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects the financial position of the Company as at December 31, 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) adopted by the European Union (EU).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the *Code of Ethics for Professional Accountants* of the *International Ethics Standards Board for Accountants* (IESBA Code) together with ethical requirements of the *Independent Financial Audit Law* (IFAL) that are relevant to our audit of the financial statements in Bulgaria, and we have fulfilled our other ethical responsibilities in accordance with IFAL and IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises of activity report , prepared by the management in accordance with Chapter Seven of the Accountancy Act, but does not include the financial statements and our report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon, unless explicitly stated in our report and the extent to which indicated.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Additional issues that the Accountancy Act puts for reporting

We have fulfilled the procedures according the Instructions of the professional organization of certified public accountants and registered auditors in Bulgaria - Institute of Certified Public Accountants (ICPA), approved by its Board on 29.11.2016

• Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether the material uncertainty exists related to events or conditions that may cast significant doubt of the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future evidence or conditions my cause the Company to cease to continue as a going concern.

• Evaluate the overall presentation, structure and content of the financial statements, including disclosures and, whether the financial statements present the transactions and events that are fundamental for them in a manner that achieves fair presentation.

We communicate with the management regarding, among other matters, the planed scope ant timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

0348 Красимир Димов
Регистриран одитор

Signature of the registered auditor..................................

/Krasimir Dimov/

Address of the auditor: Ap 16 En 3 Bl 550 Mladost 1 A Sofia Bulgaria

Date of the auditor's report: February 13, 2017

1. Explanatory note to the financial statements:

1.1. Legal Status

"Sarantis Bulgaria" Ltd. is a sole-owner limited liability company registered in the Registrar of Trading companies of the City Court in a judgment of 05.07.1994 years in act 13376 / in Volume 223, p.92, lot 17912. The company is listed in the Trade Register with Identity Number 831542220.

"Sarantis Bulgaria" Ltd. is a sole-owner limited liability company registered in the Registrar of Trading companies of the City Court in a judgment of 05.07.1994 years in act 13376 / in Volume 223, p.92, lot 17912.

The owner of the company is a legal entity "GR. SARANTIS CYPRUS" LIMITED - CYPRUS.

The parent company and final owner of the group of enterprises, part of which are "GR.SARANTIS CYPRUS" LIMITED-Cyprus and ""Sarantis Bulgaria" Ltd", is GR.SARANTIS S.A. – Greece.

1.2. Scope of activity

The main activity of the company includes: sales and distribution activities of perfume and cosmetics products, household goods and such to face care, body and personal care products.

There was no change to the core activity of the company over the previous fiscal year.

2. Basis of preparation of the financial statements:

2.1. Accordance

The present individual financial statement with general purpose is prepared in accordance with The Accountancy Act and International Financial Reporting Standards (IFRS), adopted by the European Union (EU).

2.2.1. Basis of preparation

The financial statement has been prepared based on a going concern basis, assuming that the company will continue to operate for the foreseeable future.

The historical cost is used as bases for evaluation during the preparation of the financial statement.

2.2.2. Consistency of presentation

The presentation and classification of the items in the financial statement of the current period is retained from the previous reporting periods.

2.2.3. Form, structure and content of the financial statement.

The company has retained the form, structure and content of the financial statement from the previous reporting periods.

- **Statement of the financial position as at the end of the period**

  Each material group of similar positions is presented separately in the statement of financial position. The assets and liabilities are presented as current and non-current, compensation between assets and liabilities is not allowed.

  Current assets are assets that the company expects to realize, or intends to sell or consume in the normal operational cycle, which doesn't exceed 12 months after the end of the reporting period. Current assets are also receivables and cash or cash equivalents, unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

  All other assets are classified as non-current.

  The company classifies a given liability as current when it expects to settle the liability in its normal operating cycle, which doesn't exceed 12 months after the end of the reporting period. Current are also liabilities for which the company does not have an unconditional right to defer settlement for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

The company classifies as part of its equity the following elements:

- Registered capital, comprising of one share with a nominal value of 4 756 210 BGN
- Reserves
- Retained Earnings, comprising of net profit of the current and prior reporting periods

- **Statement of profit or loss and other comprehensive income for the period**

The company does not present separately the statement of profit or loss from the statement presenting the other comprehensive income.

The classification of expense line items recognized in profit or loss and other comprehensive income is based on their nature and not on their function within the entity.

The company presents additional line items, headings and subtotal, when such presentation is relevant to an understanding of its financial performance. The company does not present any items of income or expense as extraordinary items, in the statement presenting profit or loss and other comprehensive income or in the notes.

The company recognizes all items of income and expense in a period in profit or loss unless IFRS requires or permits otherwise.

The company presents separately each material class of similar items.

The company offsets its financial income and expenses (on a net basis) because of that they are immaterial. Despite that in point 4.8 of the notes to the annual financial statement, accurate and correct information is presented regarding their size and nature.

- **Statement of changes in equity for the period**

The company presents separately each material class of similar items in the statement of changes in equity providing reconciliation between the carrying amounts at the beginning of the period and at the end of the period. Separately are disclosed changes resulting from:

- Profit or loss
- Other comprehensive income
- Transactions with owners in their capacity as owners, showing separately contributions from owners and returning these contributions back to the owners; distribution to the owners (dividends paid).

- **Statement of cash flows for the period**

The company reports cash flows from operating activities using the direct method, whereby major classes of gross cash receipts and gross cash payments are disclosed. The statement of cash flows reports cash flows during the period classified by operating, investing and financing activities.

Operating activity is the main activity of the company that generates income as well as any other activity, which is not classified as investment or financial. Cash flows, arising from taxes on income are disclosed separately and categorized as cash flows from operating activity.

Investing activity are the acquisition and disposal of long-term assets and other investments not included in cash equivalents.

Financing activities are activities that result in changes in the size and composition of the contributed equity and borrowings of the company. Cash flows from interest and dividends received and paid are disclosed separately.

The components of cash and cash equivalents are: cash and bank accounts as well as advances to employees. The total of cash in the cash flows report is equal to the sum of cash, presented in the Statement of Financial Position and part of the trade and other receivables, correlating to the amount (if and when there is such) of advances to employees.

Investing and financing transactions that do not require the use of cash or cash equivalents are excluded from the statement of cash flows.

2.3. Approval

Financial statements prepared for the year ended 31 December 2016, was approved by Management of the company on 19.01.2017.

2.4. Period

The present financial statement covers the period from 1 January 2016 to 31 December 2016.

2.5. Functional currency and presentation currency

The Bulgarian lev is the functional currency, in which the financial statements of the company are presented.

2.6. Estimates and Assumptions by the Management

The preparation of the Financial Statements in accordance with International Financial Reporting Standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, incomes and expenses. Although the accounting estimates and assumptions are based on information available to management as of the date of preparation of the financial statements, actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed regularly. Changes to accounting estimates are recognized in the period of change, or in the period of change and future periods, when they are affected by them.

The management of the company has complied with all standards and clarifications that are applicable to its operations and are officially adopted for use by the European Union on the date of preparation of these financial statements. In the absence of an IFRS that specifically applies to a transaction, other event or condition, management uses its judgment in developing and applying an accounting policy that results in information that is relevant to the economic decision-making needs of users.

2.7. Others

The annual financial statement of the company is subject to an independent financial audit by a registered auditor. The registered auditor Mr Krasimir Dimov has provided the company with a service only related to the audit of the annual financial statement.

3. Significant accounting policies:

Significant accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3.1 Transactions in foreign currencies

The operations of foreign currencies are translated into the functional currency at the official exchange rate applicable at the date of the transaction. Gains and losses from exchange rate differences resulting from the settlement of transactions and such from the translation of monetary items in foreign currencies at the end of the period are recognized in the Statement of profit or loss and other comprehensive income.

3.2 Property, plant and equipment

Property, plant and equipment are valued at its initial acquisition cost. The cost includes the purchase price, including import duties and non-refundable taxes and purchase, as well as any directly attributable costs of the asset to bringing working condition about its intended for use.

When plant and equipment comprises of major components having different useful lives, they are depreciated with different depreciation rate.

Subsequent expenditure relating to specific fixed asset is capitalized in the asset only when they respond to the criteria for acknowledgement, as pointed at IAS 16. All other subsequent expenditure is as an expense recognized in the period in which are they incurred.

Depreciation of non-current tangible assets is calculated in the Statement of profit or loss and other comprehensive income in line "Depreciation/amortisation expenses", using the straight-line method over the expected useful lives of assets as follows:

- machinery and equipment up to 5 years;
- Computers 2-4 years;
- Furniture 6,7 years;
- Other Buildings and equipment up to 25 years.

The company implements a policy of capitalization of assets in the event that their cost is equal to or exceeds the materiality level of 700 BGN.

The company accepts that the remaining value of an asset as of properties, plants and equipments are insignificant if the remaining value is up to 10% from the initial value of acquiring.

At the end of each reporting period the company tests the assets for impairment comparing whether their balance sheet value differs substantially from their fair value, taking into consideration their moral and physical wear.

3.3 Intangible Assets

For intangible assets acquired by the company only expenses are capitalized, which respond to the criteria intangible asset and for acknowledgement, as pointed at IAS 38. From the Licenses for Windows operation system are expected not to increase substantially the future economic benefits of investments and therefore not capitalized. On the applicable accounting criteria these expenses are recognized as incurred.

The company defines as separate comprehensive asset the intangible asset which is ERP system SAP and connected peripheral systems, which are acknowledged in the Statement of finance position.

Subsequent expenditure relating to specific intangible asset is capitalized in the asset only when they respond to the criteria for acknowledgement, as pointed at IAS 38. All other subsequent expenditure is as an expense recognized in the period in which are they incurred.

Depreciation of intangible assets is calculated in the Statement of profit or loss and other comprehensive income in line "Depreciation/amortisation expenses", using the straight-line method over the expected useful lives of assets.

The company implements a policy of capitalization of assets in the event that their cost is equal to or exceeds the materiality level of 700 BGN.

The company accepts that the remaining value of an intangible asset is insignificant if the remaining value is up to 10% from the initial value of acquiring.

At the end of each reporting period the company tests the assets for impairment comparing whether their balance sheet value differs substantially from their fair value, taking into consideration their moral and physical wear.

3.4 Leased Assets

Leasing contracts under which the company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon the initial recognition leased asset are reported on the lower among the fair value and the present value of the minimum lease payments. After initial recognition, the asset is depreciated according to the applicable accounting policy for that asset.

All other leases are classified as operating leases. Operating lease payments are recognized as an expense on a straight-line basis over the period of the lease contract. Subsequent costs associated with maintenance and insurance of the leased assets, are reflected in the comprehensive income statement when they originate.

3.5 Inventories

Tangible commodity inventories are stated at the lower among cost and net realizable value and include expenditure incurred in acquiring, processing and other direct costs, associated with delivery to their present location and condition.

At the end of each reporting period, inventories are valued at lower of the cost and net realizable value. The amount of the devaluation of the inventories to their net realizable value as an expense is recognized in the period of devaluation.

Net realizable value represents the estimated selling price for inventories less estimated costs for selling. If inventories have already been written down to net realizable value in a subsequent period and if it appears that conditions leading to its devaluation are no longer present, it is a new net realizable value that is adopted. Amount of the refund may be only to the extent of the balance amount before inventories depreciation.

Inventories at their consumption are written out using the average - weighted value.

On sale of inventories, their balance amount is recognized as an expense in the period in which the related revenue is recognized in line "cost of goods and other assets sold" in the statement of profit or loss and other comprehensive income.

3.6 Financial Assets

As of 31.12.2016 there are no changes in the classification of the financial assets of the company, due to the changes of their balance sheet.

The current receivables, along with current liabilities, represent financial instruments for the company. Their balance sheet value is reasonably close (approximated) to their fair value. The receivables are non-derivative financial assets with fixed payments that are not quoted in an active market. Trade and other receivables fall into this category of financial instruments.

Upon initial recognition, financial assets are measured at fair are value. Transaction costs that can be directly attributable to the issue or acquisition of financial assets are related to the value of financial assets.

Devaluation testing is performed at each date of the statement of financial position in order to determine whether there is objective evidence of impairment of a financial asset.

Writing-off of financial instruments occurs after evaluation by the company for any specific circumstances, including the loss of control over the contractual rights that comprise the financial asset or has transferred a significant portion of the risks and rewards of ownership.

The method of impairment of receivables remains unchanged to the previous reporting periods. The company applies the method of "impairment, based on a specific base" (not "impairment, based on the portfolio base"). This method consists of individual impairment of the receivables from the individual clients. The impairment is booked to expense account in the respective period and respectively a corrective balance sheet account of receivables, in which there's an analytical line for each client, depending on their ageing. The balance sheet value of the assets is decreased with the amount in the corrective balance sheet account and the criteria for write-off of the amounts from the corrective balance sheet account against the devaluated value of the financial asset are:

- Inability to collect the receivables or part of them due to different reasons;

- Expiry of the legally possible time-limit for payment, after the company has exhausted all possible means to collect the receivables

The amount of the loss from impairment is reported in the statement of profit or loss or other comprehensive income as loss for the period.

The financial assets of the company are not encumbered with weights.

3.7 Cash and Cash equivalents

Cash and cash equivalents consist of cash amounts in cash safes, bank balances and bank deposits, and letters of credit.

3.8 Amounts owed to employees

Current incomes

The current incomes of staff, in the form of remuneration, bonuses and social benefits, are recognized as expense in the Statement of Profit or Loss and other comprehensive income, in the period the work for them is done or the requirements for receiving them are present and as current liability (after deduction of all already paid amounts and necessary deductions). The liabilities of the company regarding social and health insurance are recognized as current expense and liability in their undiscounted amount, together and in the period of accrual of the respective incomes to which they relate.

The company considers short-term compensated absences liabilities arising on the basis of unused annual leave in cases when they are expected to occur within one year after the date of the reporting period in which the employees performed the work, associated with these holidays. Current liabilities to the personnel include payables for wages and social security.

Current employee benefits, including legal holidays are included in current liabilities to staff on undiscounted value, expected to be paid to employees in return for their labor for the period.

Incomes after termination of contract

The entity recognises termination benefits as a liability and an expense when, and only when, the entity is demonstrably committed to either:

(a) terminate the employment of an employee or group of employees before the normal retirement date; or

(b) provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

As of 31.12.2016 there is no detailed formal plan for the termination without a realistic possibility of withdrawal.

The entity is not committed, by legislation, by contractual or other agreements with employees or their representatives or by a constructive obligation based on business practice, custom or a desire to act equitably, to make payments (or provide other benefits) to employees when it terminates their employment.

The company is not a participant in post-employment benefit plans - formal or informal arrangements under which an entity provides post-employment benefits for one or more employees.

3.9.1. Capital

The company's equity structure is as follows:

- Registered capital, comprising of one share with a nominal value of 4 756 210 BGN
- Reserves, representing additional capital
- Retained Earnings, comprising of net profit of the current and prior reporting periods

The equity of the company is not subject to externally imposed requirements. The company retains an optimal amount of registered capital, which allows it to do business normally without a need for using external financing. The Retained earnings consist of net profit from the current and prior reporting periods. The trend is that net profit from the previous reporting period is distributed in full amount as dividend payment to the sole shareholder. The dividend distribution is done with a resolution from the sole shareholder after the sole shareholder accepts the annual financial statement report. The amount of the distributed dividend is presented in the statement of changes in equity in line "dividend", and the sum of the paid dividend is presented in the statement of cash flows in section "cash flows from financial activity", line "dividend payments". Non-cash assets are not distributed as dividends.

3.9.2. Financial liabilities

As of 31.12.2016 there are no changes in the classification of the financial liabilities of the company, due to the changes of their balance sheet.

The current liabilities, along with current receivables, represent financial instruments for the company. Their balance sheet value is reasonably close (approximated) to their fair value.

Financial liabilities of the company are mainly trade and other payables.

Financial liabilities are recognized when there is a contractual obligation to deliver cash or another financial asset to another entity, or a contractual obligation to exchange financial instruments with another entity on potentially unfavorable terms.

Trade payables are recognized initially at their nominal value and are subsequently measured at amortized cost less settlement payments required.

3.10 Provisions, contingent liabilities and contingent assets

Provisions are recognized when it is probability present obligations resulting from past events to lead to an outflow of resources from the company and can be made reliable estimate of the amount of the obligation. Present obligation arises from the presence of a legal or constructive obligation as a result of past events, such as guarantees, litigation and onerous contracts.
The amount recognized as a provision is calculated based on the most reliable estimate of the expenditure required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties, including those related to current debt. The company applies the method of "provision, based on a specific base", according to the period of overdue payments.

Provisions are discounted when the effect of the time value of money is significant. In cases where it cannot be made reliable estimate of the amount of the obligation, it is disclosed as a potential liability. The company does not recognize their contingent assets recognition since it may result in the recognition of income that may never be realized.

3.11 Income and Expenses

Revenues include revenue from the sale of goods, provision of services and other revenue.

Revenues are measured at the fair value of the consideration received or receivable payment or compensation, after deduction of any trade discounts and volume rebates.

On sale of goods, the revenue is recognized when the conditions are fulfilled on that, that the significant risks and rewards of the ownership are transferred to the buyer, it is not retained continuing involvement in the management of the goods, effective control over the amount of revenue can be reliably measured, it is likely that the economic benefit from the transaction will be obtained and the associated costs can be estimated reliably.

Revenue from rendering of services is recognized when the outcome of the transaction can be properly assessed. Completion of the stage is usually determined by analysis of the work.

The gain or loss on disposal of an asset is determined as the difference of the proceeds and the balance sheet value of the asset and is recognized in the Statement of profit or loss and other comprehensive income.

Current expenses are recognized in the Statement of profit or loss and other comprehensive income upon the criteria from IAS.

3.12 Financial expenses and income

Finance income includes interest income on funds invested in bank deposits and gains from foreign currency transactions. Interest income is accounted for using the effective interest method.

Financial expenses include commission fees and bank taxes, losses on transactions in foreign currency, interest expense on borrowings and finance lease (if and when such are present). Expenses for bank taxes, commissions and interest are recorded on an accrual basis.

3.13 Duties on Income

Taxes that are recognized in the Profit or loss and other comprehensive income statement include the amount of deferred tax and current tax expense, which are not recognized directly in equity.

The current tax expense is calculated in accordance with the applicable tax rates and tax rules for income tax for taxation for the period to which they relate, based on transformed financial result for tax purposes.

Current income tax assets or liabilities comprise of those claims or liabilities to the budget which are relating to the current period and which are unpaid at the date of Statement of financial position.

Deferred taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their respective tax bases.

The amount of deferred tax assets and liabilities are calculated not discounted, using tax rates that are expected to be valid for the period of their realization and which are in force and are known at the date of Statement of financial position.

Deferred tax liabilities are recognized in their full size. Deferred tax assets are recognized only to the extent that they are likely to be offset against future tax income. Deferred tax assets are reduced to the size of those for future benefits which is more likely to be realized. Deferred tax asset and deferred tax liabilities are not compensated in the statement of financial position.

Significant part of the changes in deferred tax assets or liabilities are recognized as tax expenses in the Statement of profit or loss and other comprehensive income. Changes in deferred tax assets or liabilities due to changes in the fair value of assets or liabilities that are recognized in equity are recognized directly in the equity.

4. Explanatory notes to the financial statements

The company applies approved by management accounting policies. Presented information in the financial statements is based on current accounting and ERP software through system "SAP".

4.1. Gross sales revenue in the Statement of profit or loss and other comprehensive income:

	2016	2015
❖ Revenue from Sale of Goods	29 088 thousand BGN;	25 881 thousand BGN;
❖ Revenue from other services	1 494 thousand BGN;	711 thousand BGN;
❖ Revenue from sale of fixed assets	3 thousand BGN;	

4. 2. Other income:

	2016	2015
❖ Reintegration provision charged for annual unused leaves;	111 thousand BGN;	120 thousand BGN;
❖ Excess of commodity material goods	9 thousand BGN;	8 thousand BGN;
❖ Revenues from written off payables		2 thousand BGN;
❖ Revenues from insurance claims	6 thousand BGN;	12 thousand BGN;
❖ Other revenues	487 thousand BGN;	42 thousand BGN;

4.3. Cost of goods sold:

Cost of goods sold and other assets in the Statement of profit or loss and other comprehensive income for 2016 is 15 557 thousand BGN and for 2015 is 13 251 thousand BGN. The carrying amount of the fixed asset sold is one thousand BGN.

4. 4. Cost of materials:

Material costs for the year 2016 are 920 thousand BGN and for the year 2015 amount to 869 thousand BGN and include:

	2016	2015
❖ Fuels and lubricants	115 thousand BGN;	141 thousand BGN;
❖ Vehicle Parts	1 thousand BGN;	4 thousand BGN;
❖ Electricity and water	48 thousand BGN;	52 thousand BGN;
❖ Stationery and supplies	61 thousand BGN;	53 thousand BGN;
❖ Advertising materials	693 thousand BGN;	618 thousand BGN;
❖ Other Materials	2 thousand BGN;	1 thousand BGN.

4.5. Expenses for outside services:

Hired services for 2016 are 7 505 thousand BGN and for 2015 years amounted to 6 629 thousand BGN and include:

	2016	2015
❖ Rent	617 thousand BGN;	605 thousand BGN;
❖ Transport and courier services	442 thousand BGN;	432 thousand BGN;
❖ Software and hardware support	65 thousand BGN;	70 thousand BGN;
❖ Miscellaneous fees	46 thousand BGN;	62 thousand BGN;
❖ Advertising services	3 475 thousand BGN;	2 795 thousand BGN;
❖ Repair and maintenance of vehicles	11 thousand BGN;	13 thousand BGN;
❖ Insurance	16 thousand BGN;	21 thousand BGN;

❖ Security	3 thousand BGN;	3 thousand BGN;
❖ Telecommunication services and internet	40 thousand BGN;	43 thousand BGN;
❖ Repair and maintenance of office and office equipment	9 thousand BGN;	11 thousand BGN;
❖ Legal and consulting services	142 thousand BGN;	116 thousand BGN;
❖ Annual Bonuses	2 552 thousand BGN;	2 379 thousand BGN;
❖ Merchandising services and commissions	45 thousand BGN;	51 thousand BGN;
❖ Other external services	42 thousand BGN;	28 thousand BGN.

4.6. Expenses for the personnel:

The costs of short-term employee benefits for 2016 in total are 2 202 thousand BGN and for 2015 in the total amount of 2 125 thousand BGN include:

	2016	2015
❖ Salaries	1 906 thousand BGN;	1 842 thousand BGN;
❖ Social security	296 thousand BGN;	283 thousand BGN.

The average number of employees in the company as on 31.12.2016 is 94 persons and as on 31.12.2015 is 92 persons, allocated as follows:

	2016	2015
❖ Managers	9;	10;
❖ Specialists	25;	20;
❖ Technicians and dedicated specialists	22;	24;
❖ Support administration stuff	25;	26;
❖ Stuff, occupied with services for the people, trade and security	13;	12.

4.7. Other Expenses:

The other expenses for 2016 amount to 768 thousand BGN and for 2015 amount to 554 thousand BGN and include:

	2016	2015
❖ Business trips	39 thousand BGN;	51 thousand BGN;
❖ Hospitality expenses	26 thousand BGN;	23 thousand BGN;
❖ Impairment of current assets	138 thousand BGN;	434 thousand BGN;
❖ Missing inventory and write-off of damaged goods (incl. VAT)	557 thousand BGN;	27 thousand BGN;
❖ Expenses for insurance claims	1 thousand BGN;	15 thousand BGN;
❖ Local taxes and tax on expenses	4 thousand BGN;	3 thousand BGN;
❖ Other expenses	3 thousand BGN;	1 thousand BGN.

4.8. Net financial expenses:

The net financial expenses for 2016 amount to 27 thousand BGN and for 2015 amount to 48 thousand BGN and include:

	2016	2015
❖ In decrease:		
- Negative exchange differences	15 thousand BGN;	39 thousand BGN;
- Bank fees and commissions	16 thousand BGN.	16 thousand BGN.
❖ In increase:		
- Interest income	3 thousand BGN;	5 thousand BGN;
- Positive exchange differences	1 thousand BGN.	2 thousand BGN.

4. 9. Non-current assets:

4. 9.1 Tangible fixed assets

All acquired and controlled by the company's tangible fixed assets are valued at cost and classified as depreciable, having in mind the limited duration of their practical use. Balance sheet value of fixed assets at 31.12.2016 is 111 thousand BGN.

Fixed assets in thousand BGN	Machinery, equipment and computers	Transport, with funds	Other fixed mater. Assets	Total
Cost				
Balance 01.01.2016	**255**	**50**	**194**	**499**
Additions	43		10	53
Disposals	17	50	2	69
Balance 31.12.2016	**281**	**0**	**202**	**483**
Amortization				
Balance 01.01.2016	**211**	**49**	**153**	**413**
Depreciation charge for the year	24		4	28
Depreciation of assets written off	18	49	2	69
Balance 31.12.2016	**217**	**0**	**155**	**372**
Book value				
01.01.2016	**44**	**1**	**41**	**86**
31.12.2016	**64**	**0**	**47**	**111**

At the end of the reporting period the company performed a test for impairment of non-current assets comparing if their book value differs substantially from their fair value, taking into consideration their moral and physical wear. During this test no indications for impairment was present. The book value of all fully depreciated assets, which are still in use, is 289 thousands BGN. There are no assets, temporary out of usage, as well as such that are not being depreciated due to any possible reason.

As of 31.12.2016 there is no limitation on the ownership rights of the tangible non-current assets of the company, and no part of them is pledged as collateral in any possible way.

4.9.2. Intangible fixed assets:

The company does not have integrally developed or fully depreciated intangible fixed assets. All of the acquired and controlled by the company intangible fixed assets are reported at acquisition value and defined as depreciable, based on the limited term of their practical usage. As of 31.12.2016 the book value of the intangible fixed assets amounts to 546 thousands BGN.

Fixed assets in thousand BGN	SAP software	SAP software rights	Total
Cost			
Balance 01.01.2016	**575**	**75**	**650**
Additions		16	16
Disposals			
Balance 31.12.2016	**575**	**91**	**666**
Amortization			
Balance 01.01.2016	**43**	**31**	**74**
Depreciation charge for the year	27	19	46
Depreciation of assets written off			
Balance 31.12.2016	**70**	**50**	**120**
Book value			
01.01.2016	**532**	**44**	**576**
31.12.2016	**505**	**41**	**546**

At the end of the reporting period the company performed a test for impairment of assets comparing if their book value differs substantially from their fair value, taking into consideration their moral and physical wear. During this test no indications for impairment was present.

There are no assets, temporary out of usage, as well as such that are not being depreciated due to any possible reason.

As of 31.12.2016 there is no limitation on the ownership rights of the intangible non-current assets of the company, and no part of them is pledged as collateral in any possible way.

4.10. Deferred tax assets:

Deferred tax assets were formed at the rate of corporate tax of 10%. They are formed by the following temporary differences and have a balance as follows

	2016 thousand BGN		2015 thousand BGN	
	sum of difference	sum of asset	sum of difference	sum of asset
❖ Difference between accounting and tax balance sheet value of non-current assets	43	4	46	5
❖ Expenses on provisions for unused compensated annual leaves and social security on them	103	10	111	11
❖ Expenses for impairment of current assets	283	29	601	60
Total	**429**	**43**	**758**	**76**

4.11. Inventories:

In this group are reported the goods presented at net realizable value.

Net realizable value of inventories at 31.12.2016 amounts to 2 926 thousand BGN and at 31.12.2015 amounted to 2 636 thousand BGN. The book value of the goods sold during the reporting period 2016 is 15 556 thousand BGN and for the previous reporting period 2015 was 13 251 thousand BGN. The amount of the impairment of inventory (stock), booked as expense (in line "other operating expense" in the statement of profit or loss and other comprehensive income) and in corrective account ("impairment of inventories" in the statement of financial position) for the current reporting period 2016 is 80 thousand BGN. For the previous reporting period 2015 the amount of the impairment of inventories, reported in the same way, was 380 thousand BGN.

The company has no inventories pledged as collateral.

4.12. Trade and other receivables.

Trade and other receivables at 31.12.2016 amounted to 8 654 thousand BGN and at 31.12.2015 amounted to 8 314 thousand BGN and are split as follows:

	2016	2015
❖ Receivables from customers	7 921 thousand BGN;	7 794 thousand BGN;
❖ Advances paid to Suppliers	81 thousand BGN;	7 thousand BGN;
❖ Prepaid Expenses	33 thousand BGN;	25 thousand BGN;
❖ Guarantees	50 thousand BGN;	58 thousand BGN;
❖ Receivables on court claims	526 thousand BGN;	387 thousand BGN;
❖ Overpaid Income tax	43 thousand BGN;	43 thousand BGN.

Receivables from customers

Short-term receivables in BGN are measured at the nominal value of the receivables, less any impairment losses for doubtful debts. Claims in foreign currency are valued at the closing exchange rate of Bulgarian National Bank (BNB) on 31.12.2016, less the value of any accumulated impairment losses. Impairment is calculated on an aging analysis of receivables from due date until 31.12.2016.

The basic risk, coming from the financial instruments (financial assets) for the company is the credit risk. The policy, which the company applies for management of these risks is disclosed below. From the company point of view, the following risks did not occur during 2016 – risk of cash flow and price risk, including currency, interest and market risk.

Credit risk – the risk, that one part of the financial instrument will cause financial loss to the other should it default on their payment.

The company works mainly with established and solvent customers. The company policy is that all clients, requesting delayed payment, are subject to procedures for check of their solvency and each one is awarded an individual credit limit. In addition, the balances of these customers are continuously monitored, as a result of which the company does not have material exposition in uncollectable receivables. There is no concentration in the company of credit risk. The amount of overdue receivables over 90 days at 31.12.2016 is 286 thousand BGN (3.52% of all receivables) and although a provision is set aside for them, the company is taking all possible measures to collect them.

The overdue and uncollectable receivables are not concentrated in one client. They are also not influenced by geographical region or market.

4.13. Cash:

Cash funds as of 31.12.2016 amount to 1 814 thousand BGN and as of 31.12.2015 amount to 1 760 thousand BGN as follows:

	2016	2015
❖ Cash in cash case	13 thousand BGN;	21 thousand BGN;
❖ Cash at bank	270 thousand BGN;	248 thousand BGN;
❖ Bank deposits	1 398 thousand BGN;	1 394 thousand BGN;
❖ Letter of credit	133 thousand BGN;	97 thousand BGN.

4.14. Trade and other payables:

Trade and other payables at 31.12.2016 amount to 5 152 thousand BGN and at 31.12.2015 amounted to a total of 5 251 thousand BGN and are split as follows:

	2016	2015
❖ Liabilities to suppliers	3 228 thousand BGN;	2 779 thousand BGN;
❖ Liabilities for dividends	1 924 thousand BGN;	2 472 thousand BGN.

The basic risk, coming from the financial instruments (financial liabilities) for the company is the liquidity risk. The policy, which the company applies for management of this risk is disclosed below.

Liquidity risk – the risk that the company will experience difficulties to serve its obligations regarding financial liabilities, settled with cash or cash equivalents or other financial asset.

The effective management of the liquidity of the company requires the maintenance of sufficient working capital, mainly though timely collection of receivables from customers in order to pay the financial liabilities. At the end of the period the company does not have overdue liabilities to suppliers.

Trade liabilities are liabilities of the company to suppliers and liability to the sole shareholder for dividend payments.

There is no premature option of the liabilities in the contracts with suppliers.

The company is maintaining such a balance of cash and cash equivalents and receivables from customers with approaching maturity, so that they are enough to cover current liabilities (financial liabilities as well as tax liabilities) and will not cause a negative effect on its financial result and/or equity in the next reporting period.

4.15. Net current taxes:

Net current tax liabilities at 31.12.2016 amounted to 368 thousand BGN and at 31.12.2015 amounted to 428 thousand BGN and represent:

	2016	2015
❖ Amounts owed on VAT	280 thousand BGN;	361 thousand BGN;
❖ Liabilities on Corporate tax	80 thousand BGN;	61 thousand BGN;
❖ Other liabilities to the fisc	8 thousand BGN;	6 thousand BGN.

4.16. Registered capital and retained earnings:

The capital structure of the Company is as follows:

Components of equity	2016 *(in thousand BGN)* Amount	2015 *(in thousand BGN)* Amount
Registered capital	4 756	4 756
Additional reserve	1	1
Net profit for the period	3 714	2 902
Total equity	8 471	7 659

4.17. Income tax expenses:

The Company is subject to taxation. The corporate income tax is calculated at the rate of 10% applied to the tax base. The tax base (profit) is calculated by increasing the accounting profit with all tax differences (permanent and temporary) and decreasing with the reversible tax differences and all incomes, which are not recognized for tax purposes in the year of their accounting recognition. In addition, when determining the tax base, all other amounts, which according to the current legislation participate in the formation of the taxable result for the period, are taken into consideration. Advance payments done for 2016 amounted to 319 thousand BGN and difference in tax payable is of 80 thousand BGN.

Corporate tax in the Statement of profit or loss and other comprehensive income:	**2016** *(In thousand BGN)*	**2015** *(In thousand BGN)*
Tax profit for the period	4 002	3 480
Tax at the applicable tax rate of 31.12.2016	399	347
Amount of deferred tax , related to origination of temporary differences	(24)	(54)

Amount of deferred tax , related to reversal of temporary differences	57	31
Income tax expense on the profit	432	324

4.18.1. Provisions

In the company as liabilities on provisions are reported the undiscounted amount of the paid annual leave to employees in return for work for the period as follows:

	2016	2015
❖ The cost of accumulating compensated absences	87 thousand BGN;	94 thousand BGN;
❖ Social security expense on these amounts	16 thousand BGN;	17 thousand BGN;
❖ Used amounts during the current reporting period of provisions accrued in previous reporting periods	111 thousand BGN;	120 thousand BGN.

The accrued in the current reporting period provisions are expected to be used, causing outgoing flows of economic benefits, in the next reporting period in their full amount.

4.18.2. Impairment of assets

The company reported the following impairment of assets:

4.18.2.1. As expense and in corrective account to receivables from clients, with the amount of impairment of receivables, for which the management applied the method "impairment, based on specific base", according to their ageing for each individual client.

4.18.2.2. As expense and in corrective account to inventories, with the amount of inventories, which in the next reporting period will be sold at lower price or should this be not possible, be disposed of.

	2016 г.	2015 г.
❖ Expenses for impairment of receivables	57 thousand BGN;	41 thousand BGN;
❖ Expenses for impairment of inventories	80 thousand BGN;	380 thousand BGN.

4.19. Leased assets

The company is a lessee under a contract for operational lease of vehicles with lessor "Moto Pfohe". This contract cannot be treated as non-cancellable, according to the articles in it.

The lease payment, booked as expense during the current accounting period 2016 amounts to 284 thousand BGN and for the previous reporting period 2015 amounted to 275 thousand BGN.

4.20. Related parties

The owner of "Sarantis Bulgaria EOOD" is the legal entity "GR. SARANTIS CYPRUS" LIMITED - CYPRUS.

The parent company and final owner of the group of enterprises, part of which are "GR.SARANTIS CYPRUS" LIMITED-Cyprus and "Sarantis Bulgaria" Ltd" is GR.SARANTIS S.A. – Greece. The parent company is the final controlling enterprise, which presents a consolidated financial statement for public use.

The content of the Group and the characteristics of the relations (connections) between the enterprises in the Group are displayed in the below table:

Controlled enterprise	Controlling enterprise	Characteristics of relationship	Country
SARANTIS BELGRADE D.O.O	GR SARANTIS CYPRUS L.T.D.	100% - SUBSIDIARY	SERBIA
SARANTIS BANJA LUKA D.O.O	SARANTIS BELGRADE D.O.O	100% - SUBSIDIARY	BOSNIA
SARANTIS SKOPJE D.O.O	SARANTIS BELGRADE D.O.O	100% - SUBSIDIARY	F.Y.R.O.M.
SARANTIS BULGARIA L.T.D.	***GR SARANTIS CYPRUS L.T.D.***	***100% - SUBSIDIARY***	***BULGARIA***
SARANTIS ROMANIA S.A.	GR SARANTIS CYPRUS L.T.D.	100% - SUBSIDIARY	ROMANIA
THRACE-SARANTIS S.A.	GR SARANTIS CYPRUS L.T.D.	50% - ASSOCIATE	GREECE
SARANTIS POLSKA S.A.	GR SARANTIS CYPRUS L.T.D.	100% - SUBSIDIARY	POLAND
POLYPACK	SARANTIS POLSKA S.A.	70% - SUBSIDIARY	CYPRUS
SARANTIS CZECH REPUBLIC sro	GR SARANTIS CYPRUS L.T.D.	100% - SUBSIDIARY	CZECH REPUBLIC
SARANTIS PORTUGAL Lda	GR SARANTIS CYPRUS L.T.D.	100% - SUBSIDIARY	PORTUGAL
ASTRID TM A.S.	GR SARANTIS CYPRUS L.T.D.	100% - SUBSIDIARY	CZECH REPUBLIC
SARANTIS HUNGARY Kft.	GR SARANTIS CYPRUS L.T.D.	100% - SUBSIDIARY	HUNGARY
ELODE FRANCE S.A.R.L	GR. SARANTIS S.A.	100% - SUBSIDIARY	FRANCE
ARPINA S.A.	GR. SARANTIS S.A.	100% - SUBSIDIARY	GREECE
GR SARANTIS CYPRUS L.T.D.	GR. SARANTIS S.A.	100% - SUBSIDIARY	CYPRUS
ZETAFIN LTD	GR SARANTIS CYPRUS L.T.D.	100% - SUBSIDIARY	CYPRUS
ZETA COSMETICS L.T.D.	ZETAFIN LTD	100% - SUBSIDIARY	CYPRUS
ELCA COSMETICS L.T.D.	ZETA COSMETICS LTD	49% - ASSOCIATE	CYPRUS
ESTEE LAUDER HELLAS	ELCA COSMETICS L.T.D.	49% - ASSOCIATE	GREECE
ESTEE LAUDER BULGARIA	ELCA COSMETICS L.T.D.	49% - ASSOCIATE	BULGARIA
ESTEE LAUDER ROMANIA	ELCA COSMETICS L.T.D.	49% - ASSOCIATE	ROMANIA
WALDECK L.T.D.	ZETAFIN LTD	100% - SUBSIDIARY	CYPRUS
SAREAST CONSUMER PRODUCTS L.T.D.	WALDECK L.T.D.	100% - SUBSIDIARY	CYPRUS

Intra-group sales/purchases:

Purchases from:	2016	2015
GR. SARANTIS S.A. GREECE	3 250 thousand BGN	3 435 thousand BGN
SARANTIS BELGRADE D.O.O. SERBIA	64 thousand BGN	122 thousand BGN
SARANTIS ROMANIA S.A. ROMANIA	-12 thousand BGN	17 thousand BGN
SARANTIS POLSKA S.A. POLAND	1 117 thousand BGN	1 003 thousand BGN
SARANTIS CZECH REPUBLIC S.R.O. CZECH REPUBLIC	2 thousand BGN	4 thousand BGN
Total intra-group purchases	**4 421 thousand BGN**	**4 581 thousand BGN**

Sales to:	2016	2015
GR. SARANTIS S.A. GREECE	788 thousand BGN	433 thousand BGN
SARANTIS BELGRADE D.O.O. SERBIA	6 thousand BGN	
SARANTIS ROMANIA S.A. ROMANIA	24 thousand BGN	49 thousand BGN
SARANTIS POLSKA S.A. POLAND	3 thousand BGN	9 thousand BGN
SARANTIS BANJA LUKA D.O.O	8 thousand BGN	
SARANTIS CZECH REPUBLIC S.R.O. CZECH REPUBLIC		10 thousand BGN
Total intra-group sales	**829 thousand BGN**	**501 thousand BGN**

Intra-group outstanding balances

Liabilities to:	2016	2015
GR. SARANTIS S.A. GREECE	159 thousand BGN	178 thousand BGN
SARANTIS BELGRADE D.O.O. SERBIA		21 thousand BGN
SARANTIS ROMANIA S.A. ROMANIA	-31 thousand BGN	-12 thousand BGN
SARANTIS POLSKA S.A. POLAND	309 thousand BGN	190 thousand BGN
Total intra-group liabilities	**437 thousand BGN**	**377 thousand BGN**

Receivables from:	2016	2015
GR. SARANTIS S.A. GREECE	72 thousand BGN	154 thousand BGN
SARANTIS POLSKA S.A. POLAND	3 thousand BGN	
SARANTIS ROMANIA S.A. ROMANIA	9 thousand BGN	37 thousand BGN
Total intra-group receivables	**84 thousand BGN**	**191 thousand BGN**

Related parties transactions were made on terms equivalent to those that prevail in arm's length transactions where such terms are substantiated.

Related parties transactions do not include requirements and conditions, necessitating a security or guarantee regarding their execution. During the current reporting period no expenses are incurred/booked, which are due to bad or doubtful intra-company debt, as well as no provision is set aside for receivables from intra-company partners.

The personal income paid to the key management staff for the period amounts to 142 thousand BGN. At the end of the reporting period, there are no unsettled balances with key management staff.

4.21. Events after the financial statement date:

After the date on which the financial statements were authorized for issue, there were no corrective events to be disclosed and any corrective been reflected in the financial statements.

General Manager:

/ Deana Stefanova /

Prepared by:

/ Diana Dishkova /

18/01/2017

Sofia